

Assembly Bill No. 227

CHAPTER 22

An act to amend Section 1577.5 of the Code of Civil Procedure, relating to unclaimed property, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor April 17, 2002. Filed with
Secretary of State April 17, 2002.]

LEGISLATIVE COUNSEL'S DIGEST

AB 227, Dutra. Unclaimed property: escheat.

Under existing law, property that is held by a business that is unclaimed for more than specified periods escheats to the state. Existing law requires persons holding unclaimed property to report and deliver it to the Controller within a prescribed time period, and imposes interest payments at the rate of 12% per annum and penalties for a failure to do so. Existing law also provides that any person who paid or delivered to the Controller on or before December 31, 2001, in accordance with specified requirements, is not subject to statutory interest payments for failure to pay or deliver unclaimed property. Existing law requires the Controller to submit a report to the Legislature on the amnesty program, to be published no later than December 31, 2002.

This bill would extend the above deadline for paying or delivering unclaimed property to the Controller to December 31, 2002, subject to specified conditions. The bill would also extend the time for the Controller to submit a report to the Legislature to no later than July 31, 2003, and would make other technical, nonsubstantive changes.

The bill would declare that it is to take effect immediately as an urgency statute.

The people of the State of California do enact as follows:

SECTION 1. Section 1577.5 of the Code of Civil Procedure is amended to read:

1577.5. (a) Section 1577 does not apply to, and interest may not be imposed upon, any escheated property paid or delivered to the Controller at any time on or before December 31, 2002.

(b) Subdivision (a) shall apply only if the following requirements are met:

(1) On or before January 1, 2003, the holder of the property was not the subject of an investigation by the Attorney General or a party to



litigation with the Controller, relating to the property. “Investigation by the Attorney General” means an investigation being conducted under any law authorizing the investigation, including, but not limited to, investigations authorized by or conducted pursuant to Article 2 (commencing with Section 11180) of Chapter 2 of Part 1 of Division 3 of Title 2 of the Government Code by the office of the Attorney General relating to the escheat of property subject to subdivision (a).

(2) On or before January 3, 2000, the holder of the property was not the subject of an audit by the Controller relating to the property. “Audit by the Controller” means a formal field audit of the propertyholder’s books and records by audit personnel of the Controller’s office for the purpose of determining compliance with this chapter.

(3) The property was required to be reported on or before November 1, 1999.

(4) The property is surrendered directly to the state or its authorized agent.

(5) Reports respecting the property are reported by electronic media satisfactory to the Controller, provided that paper reports shall be permitted with respect to holders reporting fewer than 50 accounts or other items.

(6) All property reported after the effective date of this act shall be reported on a report separate from property currently reportable, and may not be reported with property not eligible for the amnesty program.

(7) The property is paid or delivered to the Controller at the time the report is made.

(8) Securities are remitted in accordance with Section 1532.

(9) Records shall be maintained in a manner satisfactory to the Controller, to permit verification and compliance audits.

(c) Nothing in subdivision (a) shall create an entitlement to a refund of interest paid to the Controller prior to the effective date of this section.

(d) The Controller shall conduct an outreach and publicity program regarding the provisions of this section.

(e) The Controller shall submit a report to the Legislature on the amnesty program. The report shall include a comprehensive accounting of all unclaimed property surrendered under the amnesty program, the date the property was surrendered, and the identities of the holders of surrendered unclaimed property. The report shall be published no later than July 31, 2003.

(f) Nothing in this section shall preclude liability pursuant to Article 9 (commencing with Section 12650) of Chapter 6 of Title 2 of Division 3 of the Government Code regarding false claims. Reporting or filing extensions shall not be granted for property under this section.



SEC. 2. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

To ensure the financial solvency of the State of California in view of the fiscal crisis, it is necessary that this act take effect immediately.

